The Planning, Programming, Budgeting and Execution (PPBE) Process

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MID 913 (2003)

- Biennial budgets within a 4 year time period
  - QDR released in the second year
- Even years are “on” years
  - Full planning, programming and budgeting
  - Full-up POM and BES submissions
- Odd years are “off” years
  - Limited changes to guidance
  - Adjustments to second year of biennial budget
  - Focus of program and budget review is on execution and performance

FY 2008 Budget Submission

- Full-up POMs and BESs
- Milestones:
  - Fiscal guidance released April 3
  - Full POMs/BESs electronic submissions due August 15
  - All justification material due September 1
  - Major issues resolved before Thanksgiving
  - Budget lock December 18
  - President’s Budget released February 5, 2007
- Requirements for the FY 2007 Supplemental will be due at the same time as the BES

Program & Budget Review

- Review of Component Submissions
  - Are programs properly priced and executable?
  - Do the submissions comply with guidance?
  - Does OSD agree with the tradeoff decisions made in the submissions?
- QDR Implementation
  - Do component submissions require adjustment to implement the QDR recommendations?
- Fiscal Constraints
  - Where should we take additional risks in order to balance the program and/or fund program enhancements?

Department of Defense Topline

(Discretionary budget authority $ in billions)

	FY 06	FY 07	Change
DoD Budget	410.8	439.3	+28.5

FY 2007 Budget provides:

- 7 percent increase over FY 2006 enacted budget
- Capabilities for future challenges
- Advanced technology for greater operational capability and combat power
- Robust pay & incentives for recruitment and retention
- Superior health care coverage

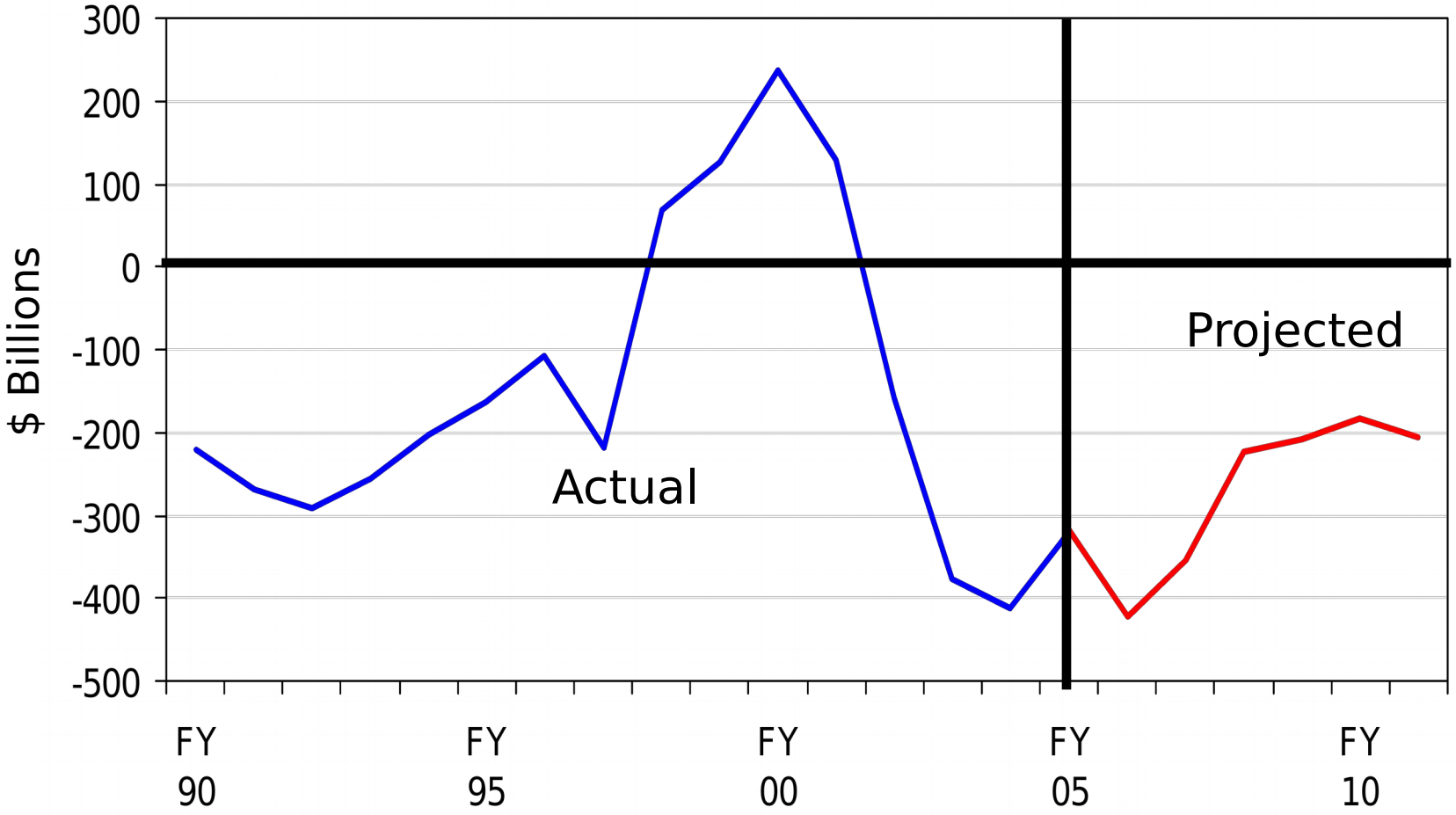
FY 2007 – 2011 DoD Budget

(Discretionary Budget Authority, $ Billions)

	FY 07	FY 08	FY 09	FY 10	FY 11
FY 07 Pres Bud	439.3	462.4	481.9	492.0	502.3
Procurement & RDT&E	157.4	174.2	183.7	191.9	188.3

Total Federal Deficit/Surplus

(FY 2007 President's Budget)



Cost Pressures

- Military Pay & Allowances
  - Recruitment & Retention
- Health Care
- Inflation
- Fuel
- GWOT
- Reconstitution
- Weapon System Cost Growth

Process Pressures

- QDR during a war
- Year-round decision process
  - Budget, Budget Amendment, GWOT Supplementals, Natural Disaster Supplementals, etc.
- Cash flowing
- Reprogrammings – war and non-war

Future PPBE Changes?

- Quadrennial Defense Review
- Capabilities-based resource allocation
- Capital budgeting
- Appropriation Structure
- Performance Management & Program Evaluation

Strategic Resource Decision System

- QDR called for “increased transparency” in the PPBE process
- Strategic Resource Decision System is a proposal to provide a “common operational picture”
  - Single, authoritative PPBE database
  - Unified programming and budgeting data structure
- Advantages:
  - Single data inputs
  - Greater flexibility to view the Department’s resources from different perspectives
  - Single data source eliminates reconciliation
    - SARs, Justification Material, Budget
- Ultimate solution may involve changes to the programming and/or appropriation budget structure

Performance Management

- The “E” was added to PPBE to emphasize the need for an effective performance feedback loop
  - The requirement was discussed extensively in QDR sessions
- How do we get there?
  - Currently we require Components to have performance measures covering 100% of budget resources
  - Performance measures are used to review programs and budgets
  - Enterprise Architectures are emphasizing designs that provide effective feedback
- Budget & Performance Integration Initiative one of five on President’s Management Agenda

Performance Evaluation

- PART = Program Assessment Rating Tool
- OMB program to evaluate all programs in the federal government for effectiveness and efficiency
- Graded from Effective to Ineffective
- PART reports required to be integrated with budget justification material
- Once a program is PARTed, the performance measures live on
- When the FY 08 PARTs are completed, we will have covered 86 % of DoD resources

Procurement

(current $ in billions)